

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 IO-14 L-03 /030 W  
-----043462 132104Z /66

P 131705Z JUN 78  
FM USMISSION USNATO  
TO SECSTATE WASHDC PRIORITY 2255  
SECDEF WASHDC PRIORITY  
INFO AMEMBASSY PARIS

UNCLAS SECTION 01 OF 02 USNATO 05985

PARIS FOR USOECD

E. O. 11652: N/A  
TAGS: AORG, NATO, OECD  
SUBJECT: NATO PENSION SCHEME

REF: (A) STATE 148130 (DTG 101721Z JUN 78),  
(B) USNATO 5760 (DTG 070947Z JUN 78), (C) USNATO 5529  
(DTG 311438ZMAY 78)

1. THIS INTERIM REPORT OF THE JUNE 12 MEETING OF THE  
AD HOC WORKING GROUP IS FORWARDED RESPONDING TO QUESTIONS  
OF REFTEL A AND TRANSMITTING NEW PROPOSAL OF NATO  
ADMINISTRATION.

2. THE REPORT, SUMMARIZING OPINIONS OF THE AD HOC GROUP  
AND TO BE STUDIED BY THE JOINT CIVIL AND MILITARY BUDGET  
COMMITTEES JUNE 16, WILL BE FORWARDED AS SOON AS  
RECEIVED.

3. DURING JUNE 1 MEETING, NATO ADMINISTRATION INSISTED  
NO VALIDATION PROBLEM EXISTED IN OTHER ORGANIZATIONS AND  
IGNORED DECISION TAKEN AT CCG MEETING TO REFER ALL  
DOCUMENTS MENTIONED REFTEL C TO CCG. AT JUNE 1  
MEETING, ALL REPS HAD SPOKEN FAVORABLY FOR DOCUMENT  
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BC-D(78)31 (PARA E, REFTEL C), WHICH WILL BE APPROVED  
DURING JOINT BUDGET MEETING. THAT APPARENTLY RELIEVED  
CONCERNS OF ADMINISTRATION. DURING JUNE 12 MEETING,  
NATO ADMINISTRATION RECOGNIZED THAT THERE WERE AUXILIARY  
STAFF IN OECD WHO WOULD HAVE SIMILAR PROBLEM OF  
VALIDATION. ACCORDING TO NETHERLANDS REP, AUXILIARY  
STAFF ARE USED BY OECD IN CLERICAL POSITIONS, HAVE NO

PENSION RIGHTS, BUT WANT THEM. NETHERLANDS, FRG AND US REPS PRESSED SUBJECT SHOULD BE REFERRED TO CCG. AT END OF MEETING, NATO ADMINISTRATION AGREED ORIGINAL DOCUMENTS (REFTEL C) AND REPORT RECEIVED FROM JOINT CIVIL AND MILITARY BUDGET COMMITTEES' MEETING OF JUNE 16 WOULD BE GIVEN TO CCG FOR ITS JULY 5-6 MEETINGS.

4. ALTHOUGH REPORT SUPPORTS DELEGATES' VIEW THAT VALIDATION OF PAST SERVICE WOULD BE FROM INTERNATIONAL FUNDING DATE OF ORGANIZATION ONLY, NATO ADMINISTRATION IS MAKING EFFORT TO PERMIT EMPLOYEES WORKING BEFORE ORGANIZATION GIVEN INTERNATIONAL STATUS TO HAVE RIGHT OF VALIDATING SUCH SERVICE.

5. LEGAL ADVISER STATED ADMINISTRATION ALWAYS FELT ARTICLE 4 OF PENSION RULES SHOULD BE INTERPRETED MORE BROADLY. HE AND ADMINISTRATION REPS REFERRED OFTEN TO COORDINATED IMPLEMENTATION INSTRUCTIONS. THIS IS A DOCUMENT ISSUED BY OECD, PARIS, MAY 1977, COMPLYING WITH ARTICLE 51 OF PENSION RULES. SINCE MOST DELEGATES HAD NEVER HEARD OF IT, US REP HAS REQUESTED THAT ALL MEMBERS OF BUDGET COMMITTEES RECEIVE DOCUMENT. IF NOT AVAILABLE TO USOECD OR WASHINGTON, WILL FURNISH COPY WHEN RECEIVED.

6. VALIDATION DATE EXPECTED TO BE DISCUSSED BOTH JUNE 16 AND AT CCG MEETINGS. INSTRUCTIONS OF PARA 2, UNCLASSIFIED

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REFTEL A, WILL BE FOLLOWED.

7. MOST REPRESENTATIVES HAD NO INSTRUCTIONS. NO VIEWS EXPRESSED ON ANY OF THE ALTERNATIVES, AND DISCUSSION CENTERED ON ADMINISTRATION'S NEW DOCUMENT. NATO ADMINISTRATION HAD STUDIED THE THREE ALTERNATIVES (REF B), WHICH WERE UNACCEPTABLE TO NATO, AND SUBMITTED DOCUMENT, TEXT OF WHICH FOLLOWS:  
BEGIN TEXT:

1. WITH REFERENCE TO DRAFT REPORT OF THE AD HOC GROUP (ANNEX TO BC-R(78)17, MBC-R(78)28) AND TO THE PROPOSALS SET OUT IN PARAGRAPH 3 THEREIN, I HAVE CONSULTED WITH REPRESENTATIVES OF THE OTHER NATO BODIES AND AGENCIES AND THE FOLLOWING REPRESENTS THE CONSENSUS WHICH WAS REACHED ON THE ALTERNATIVES PRESENTED.

2. WHERE SERVICE WITH NATO IS CONCERNED, THE ORGANIZATION SHALL GIVE ITS AGREEMENT UNDER ARTICLE 5.5.(II) OF THE PENSION SCHEME RULES ONLY INsofar AS THE PERIODS REFERRED TO IN ARTICLE 4.1.(II) OCCURRED OR OCCUR AFTER THE DATE OF INTERNATIONAL

FINANCING OF THE COMPONENT NATO BODIES OR INSTITUTIONS  
CONCERNED IN CONSONANCE WITH THE AD HOC GROUP'S OPINION  
EXPRESSED IN PARA 2 OF ITS DRAFT REPORT.

3. UPON REVIEW OF THE VARIOUS ALTERNATIVES, IT IS  
CONSIDERED THAT THESE CANNOT BE ACCEPTED ON THE FOLLOWING  
GROUNDS:

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(A) ALTERNATIVE A: IT IS CONCLUDED THAT THE DEDUCTION  
ARRANGEMENTS PROPOSED ARE ADMINISTRATIVELY DIFFICULT TO  
IMPLEMENT; FURTHERMORE SUCH ARRANGEMENTS ARE NOT  
PROVIDED FOR IN THE RULES AND APPEAR TO BE IN  
CONTRADICTION WITH ARTICLE 47 WHICH ENUNCIATES THE  
PRINCIPLE OF COMPENSATION FOR LOSS OF PREVIOUS PENSION  
RIGHTS. IT IS ALSO WORTH NOTING THAT THE "AMOUNT OF ANY  
RETIREMENT BENEFIT" WHICH WOULD THUS BE DEDUCTED  
INCORPORATES AN ELEMENT CORRESPONDING TO THE STAFF  
MEMBER'S OWN CONTRIBUTION TO THE RETIREMENT PENSION OF  
THE NATIONAL SOCIAL SECURITY SYSTEM.

(B) ALTERNATIVE B.1, AS UNDERSTOOD, WOULD EXCLUDE THE  
POSSIBILITY OF VALIDATING PAST SERVICE FOR ALL EX-LWR  
SINCE THE EMPLOYER HAS BEEN CONTRIBUTING TO THE  
NATIONAL SYSTEM FOR THAT CATEGORY OF STAFF, WHILE IT  
IS NOT AT ALL CERTAIN THAT SUCH PAYMENTS HAVE GIVEN  
RISE TO A PENSION ENTITLEMENT (E. G. BECAUSE OF  
PROVISIONS ON A MINIMUM PERIOD OF AFFILIATION). IT IS  
FURTHERMORE CONSIDERED THAT THIS ALTERNATIVE NEGATES  
THE SPIRIT AND INTENT OF ARTICLE 5.

(C) ALTERNATIVE B.2 IS NOT ACCEPTABLE ON THE GROUNDS THAT IT DOES NOT COVER THE SITUATION OF THOSE STAFF MEMBERS WHO MAY HAVE VOLUNTARILY CONTRIBUTED TO A UNCLASSIFIED

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NATIONAL OLD-AGE PENSION SCHEME (BOTH EMPLOYEE'S AND EMPLOYER'S PART) OR WHO MAY AVAIL THEMSELVES AT A LATER DATE OF THE POSSIBILITY OF VALIDATING SERVICE UNDER THE NATIONAL SCHEME.

4. AFTER DUE CONSIDERATION OF THE MANY FACETS RELATED TO THIS PROBLEM, I HAVE ENDEAVORED TO DEVISE A PROPOSAL WHICH WOULD OFFER A MEANS TO OFFSET THE EMPLOYER'S CONTRIBUTIONS TO A NATIONAL OLD-AGE PENSION. THE SCHEME OUTLINED BELOW HAS BEEN DEVELOPED TO SATISFY THE CONCERN EXPRESSED IN PARAGRAPH 3, FOURTH SUB-PARAGRAPH, OF THE DRAFT REPORT.

5. WHERE A STAFF MEMBER REQUESTS CREDIT UNDER ARTICLE 4.1(II) FOR SERVICE DURING WHICH HE/SHE WAS COMPULSORILY AFFILIATED TO A NATIONAL SOCIAL SECURITY SYSTEM, WHETHER ENTITLEMENT TO A RETIREMENT PENSION WAS ESTABLISHED OR NOT, THE ORGANIZATION SHALL MAKE ITS AGREEMENT - AS REQUIRED UNDER ARTICLE 5.5(II) OF THE RULES - CONDITIONAL UPON:

(A) PAYMENT OF "7 PCT OF HIS FIRST MONTHLY SALARY AS A PERMANENT STAFF MEMBER" (ARTICLE 5.5(III); AND

(B) PAYMENT OF A COMPENSATION FOR THE CONTRIBUTIONS MADE BY THE ORGANIZATION BEGIN BRACKET OF ONE MONTH'S BASIC SALARY AS RELATED TO THE LAST SALARY EARNED BEFORE BECOMING A MEMBER OF THE PERMANENT STAFF AS DEFINED IN ARTICLE 1, PARAGRAPH 1 END BRACKET; OR BEGIN BRACKET OF ONE MONTH'S SALARY AS RELATED TO HIS/HER FIRST NATO SALARY END BRACKET; OR BEGIN BRACKET OF 8 PCT OF HIS/HER BASIC SALARY, INTERNATIONAL OR LAST SALARY EARNED BEFORE BECOMING A MEMBER OF THE UNCLASSIFIED

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PERMANENT STAFF, THIS PERCENTAGE BEING A "NEAR AVERAGE" OF THE RATE CONTRIBUTED BY THE EMPLOYER IN A SAMPLE OF HOST COUNTRIES END BRACKET; FOR EACH YEAR TO BE SO CREDITED. END TEXT.

8. ACTION REQUESTED: GUIDANCE CONCERNING ABOVE

PROPOSAL FOR JUNE 16 MEETING. BENNETT

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